



Karnataka Bank  
Your Family Bank. Across India.



A Century of  
**Trust.**



A Future of  
**Growth.**

# TABLE OF CONTENTS

## OVERVIEW

- 02** Board of Directors
- 03** Chairman's Message
- 04** Managing Director & CEO's Message
- 05** Executive Director's Message
- 06** Notice to the Members
- 29** Directors' Report
- 43** Directors' Report-Kannada version
- 59** Management Discussion and Analysis
- 74** Annexure-1 Disclosure under Pillar III of Basel III accord
- 103** Annexure-2 Annual Report on CSR Activities
- 111** Annexure-3 AOC-1
- 112** Annexure-4 Report on Corporate Governance
- 137** Annexure-5 Secretarial Audit Report
- 141** Annexure-6 Compliance Certificate on ESOP
- 143** Annexure-7 Disclosure on Remuneration (u/s197(12))
- 145** Independent Auditors' Certificate on Corporate Governance
- 147** Annexure-8 Business Responsibility and Sustainability Report

## FINANCIAL STATEMENTS

- |  |   |
|--|---|
| <b>170</b> Independent Auditors' Report (Standalone) | <b>238</b> Independent Auditors' Report (Consolidated)          |
| <b>178</b> Standalone Balance Sheet                  | <b>246</b> Consolidated Balance Sheet                           |
| <b>179</b> Standalone Profit and Loss Account        | <b>247</b> Consolidated Profit and Loss Account                 |
| <b>180</b> Standalone Cash Flow Statement            | <b>248</b> Consolidated Cash Flow Statement                     |
| <b>181</b> Schedules Forming Part of Balance Sheet   | <b>249</b> Schedules Forming Part of Consolidated Balance Sheet |

## Corporate Information

### Chief Operating Officer

Y V Balachandra

### Chief Business Officer

Gokuldas Pai

### Chief Financial Officer

Abhishek Sankar Bagchi

### General Managers

Vinaya Bhat P J

Vadraj K A

(CCO - Chief Compliance Officer)

Pankaj Gupta

(CD&MO - Chief Digital & Marketing Officer)

Raja B S

(CLO - Chief Learning Officer)

Nirmal Kumar Kechappa Hegde

(HIA & CIV - Head of Internal Audit & Chief of Internal Vigilance)

Ravichandran S

Jayanagaraja Rao S

Ananthapadmanabha B

(CTO - Chief Technology Officer)

Ramesh Bhat

R K Gurumurthy

(Head-Treasury)

Sandra Maria Lorena

Chandra Shekar

Kannan K

(CISO- Chief Information Security Officer)

### CRO - Chief Risk Officer

Raghuram H S

### Company Secretary

Sham K

### Legal Advisor

M V Shanker Bhat

### Statutory Auditors

M/s Sundaram & Srinivasan, Chennai

M/s Kalyaniwalla & Mistry LLP, Mumbai

### Secretarial Auditors

M/s BMP and Co LLP, Bengaluru

### Regd. & Head Office

Mahaveera Circle, Kankanady Mangaluru  
575002, Karnataka, India

CIN: L85110KA1924PLC001128

### Subsidiary

KBL Services Ltd.

Hafeeza Chambers, No. 111/3 3rd Floor,  
A-Wing, K H Road Bengaluru -560027

CIN: U74900KA2020PLC135108

### Registrar & Share Transfer Agent

Integrated Registry Management Services  
Pvt. Ltd.

30, Ramana Residency, 4th Cross,  
Sampige Road, Malleshwaram,  
Bengaluru-560003

Tel: (080) 23460815-818

Fax: (080) 23460819

Email: irg@integratedindia.in

## Board of Directors



**Sri P Pradeep Kumar**  
Chairman (Independent Director)



**Sri Srikrishnan H.**  
Managing Director & CEO  
(w.e.f. 09.06.2023)



**Sri Mahabaleshwara M S**  
Managing Director & CEO  
(upto 14.04.2023)



**Sri Sekhar Rao**  
Executive Director  
(w.e.f. 01.02.2023)



**Sri Keshav K Desai**  
Independent Director



**Sri B R Ashok**  
Non-Executive Director



**Justice A V Chandrashekar**  
Independent Director



**Smt. Uma Shankar**  
Independent Director



**Dr D S Ravindran**  
Independent Director



**Sri Balakrishna Alse S**  
Independent Director



**Sri Jeevandas Narayan**  
Independent Director



**Sri Kalmanje Gururaj Acharya**  
Independent Director

## The Chairman's Message



“

*In the face of change, experienced leaders guide institutions toward new horizons. As one era ends and another begins, dedication meets innovation, setting a clear path for growth anchored in strong principles.*

**P Pradeep Kumar**  
Chairman, Independent Director

### Dear Valued Stakeholders,

I am both delighted and honoured to welcome you to the integrated annual report for FY2023. This document encapsulates our journey, milestones, and steadfast dedication to you and the broader community we serve.

### A Landscape in Flux: Banking in the Digital Era

The Indian banking sector, often seen as the vibrant heartbeat of our thriving economy, finds itself amidst a transformative era where the digital realm is becoming increasingly omnipresent. Digital innovation, with its vast potential, is reshaping our growth story. Yet, it's also a reminder for us to intensify our measures in safeguarding the treasures our customers entrust with us—be it their assets or precious data.

In this high-tech world, we're further integrating advanced technologies into our daily operations. Yet, this isn't just about keeping up with trends; it's about refining our skills

and knowledge. We view technology as an art form, one where the challenge lies in managing potential risks. Your Bank is committed to ensuring our services run seamlessly, safeguarding against unforeseen disruptions. The recent global challenges, especially those posed by the pandemic, have not been easy on the banking sector. Through the ever-changing dynamics of this era, Karnataka Bank stands unyielding, ever ready to evolve and adapt. We are harnessing the power of data-driven strategies to ensure that the quality of our assets remains impeccable. We've also charted a clear course forward: blending the advancements of technology with the time-tested values of our tradition, meeting regulatory mandates with spirited innovation, and anchoring our journey in the tenets of sustainability.

### Celebrating a Legacy: A Century of Trust. A Future of Growth.

Now in our 99th year, marking our centenary is more than a milestone; it's a testament to our timeless journey, encapsulated in our tagline, "A Century of Trust. A Future of Growth." These words resonate deeply within us, for they tell the tale of an institution built on the pillars of unwavering profitability and exemplary governance. Our outlook, while deeply rooted in the invaluable lessons of the past, stretches forward with unbridled optimism. We regard this momentous occasion not as a culmination of our achievements but as a rejuvenating sunrise—a fresh chapter brimming with opportunities. As we stride ahead, we do so with the youthful exuberance of a nascent start-up, fortified by a hundred years of wisdom, experience, and trust.

### A Fresh Dawn with Seasoned Leaders

Every organization benefits from consistent and dedicated leadership. Mr. Mahabaleshwara M.S., during his complete tenure as our Managing Director and CEO, provided just that. His guidance played a pivotal role in our bank's journey, and steering the Bank to its current position of strength. As he transitions to new opportunities, we extend our heartfelt appreciation and wish him well in his future endeavours.

The induction of Mr. Srikrishnan H. as our new MD & CEO, coupled with the appointment of Mr. Sekhar Rao as Executive Director, illuminates a bright pathway towards the future for Karnataka Bank. Both leaders bring with them a tapestry of rich experiences and accomplishments, promising a new chapter of innovation and growth. Their leadership, amalgamated with the prowess of our seasoned in-house team, heralds the genesis of an even more exceptional banking experience for our customers. As we set our sights on the horizon, with the renewed vigour of our leadership and the unmatched dedication of our team, we envision a bold and dynamic growth trajectory for Karnataka Bank. And through this ascent, we intend to remain anchored in our time-honoured principles of robust governance and meticulous risk management.

### Stewards of Sustainability: ESG Commitments

Beyond operational aspects, our vision extends to a larger canvas. The world is waking up to the realities of climate change, and we see sustainable banking as an urgent call to action. We're deeply

committed to the well-being of our society and the environment, ensuring that our practices contribute to a greener, more sustainable future. Our Integrated Report for FY2023 is not just an annual document; it's a sample of our commitment to holistic value creation. Our mission is clear: champion financial inclusion, invest in our people, cultivate robust community ties, and above all, tread lightly on our planet. This maiden Integrated Report marks our early yet determined steps towards a sustainable future, in alignment with our nation's climate goals.

### A Journey Together

As I pen this letter's conclusion, it is to you, our esteemed stakeholders, that our deepest gratitude is directed. Your unwavering trust, the resonance of your belief in our capabilities, and your continued accompaniment on our journey—from the modest roots to a century draped in banking excellence—have been the wind beneath our wings. As we stand on the cusp of a new era, please know that our allegiance to you, our rich heritage, and to fostering a sustainable world is not just resolute, but also reinvigorated with renewed passion and purpose. Together, we can chart a course into a future glowing with promise.

Warm Regards,

**P Pradeep Kumar**  
Chairman, Independent Director



## The Managing Director and CEO's Message

“

*With the nimbleness of a fledgling enterprise and the seasoned sagacity of a centenarian, we're uniquely positioned to make our mark in modern banking.*

Srikrishnan H.  
MD & CEO



### Dear Stakeholders,

As I draft this message, I am overcome with a profound sense of humility coupled with an exhilarating anticipation. It is with immense pride and honour that I address you today as the newly appointed Managing Director & CEO of Karnataka Bank. Stepping into this esteemed role, I am acutely aware of the responsibilities it entails, the legacy it carries, and the dreams it holds for the future.

We are poised at a significant juncture, standing on the brink of a monumental milestone — the commencement of our 100th year in operation. It's not merely a testament to the passage of time but a celebration of a century-old legacy underpinned by unwavering Trust and unparalleled Excellence. The weight of this legacy is not lost on me; rather, it fuels the fire of ambition, pushing us to set the gold standard in banking for generations to come.

I am deeply privileged to join you at this pivotal moment. Together, as one cohesive Karnataka Bank family, let us embrace the future with the wisdom from our storied past and the fervour of new beginnings.

As the banking landscape continually evolves, influenced by relentless market dynamics and spirited competitors, it's abundantly clear: standing still is not an option. In this vibrant ecosystem, envision Karnataka Bank not merely as a storied institution celebrating a century, but as a sprightly 100-year-old start-up. With the nimbleness of a fledgling enterprise and the

seasoned sagacity of a centenarian, we're uniquely positioned to make our mark in modern banking.

### Fostering Collaborative Conversations

The journey ahead, while promising, also beckons collaboration and understanding. I am keen to establish a dialogue, to hear from you, and to integrate your insights into the evolving narrative of Karnataka Bank. Together, we have the opportunity to create a roadmap that is both responsive and visionary.

As we traverse this path, our

commitments are clear, albeit not set in stone. We envision an invigorated Karnataka Bank, navigating the intricacies of a digital era. We hope to reach beyond traditional boundaries, creating virtual bridges that expand our presence. Embracing state-of-the-art technology and digital solutions will undoubtedly be our ally. Moreover, innovation and collaboration will serve as our guiding lights, ensuring that we consistently add value for our stakeholders. And while we ambitiously look ahead, we're grounded in our values, emphasizing empowerment, delegation, ownership, and mindful action.

### Strategizing Our Path Forward: Embracing Legacy, Crafting the Future

In the rapidly evolving banking landscape, our approach is both introspective and forward-looking. We are fostering a shift that leans more into business and sales, challenging traditional paradigms and constantly setting new benchmarks. Our product development will now be more in tune with market dynamics, and digitization and automation have become central tenets of our modus operandi.

Operationally, the essence of our strategy is to enhance efficiencies. We're streamlining, simplifying, and digitizing our processes, aiming to centralize significant portions of our operations. This not only fortifies our backend structures but also provides our customer-facing teams with more agility and resources. On the growth front, we are embracing an ambitious mindset. Our goal is to significantly expand our Advances and CASA portfolios, giving our customers a wider range of banking solutions. As we recognize the undeniable pull of the digital age,

we are accelerating our digital client acquisition strategies. Furthermore, in a world where collaboration spells innovation, our eyes are set on forming meaningful partnerships with Fintechs.

### Charting Our Course with the Three R's

Our upcoming endeavours aim to bring forth wholesale transformation for Karnataka Bank. Digitalization, while soon becoming a cornerstone of our operations, will be enhanced by pivotal strategic partnerships, amplifying our potential in the market. The impending move towards a more customer-centric and business-facing approach aspires to elevate our responsiveness, agility and alignment to our customers' needs.

Our roadmap for the future is defined by our three pivotal pillars: Retail, Rural & MSME, and Risk Management. In the retail sector, our initiatives will be geared towards elevating advances and deposits, driven by cutting-edge digital analytics. It's not just about transactional relationships but crafting unparalleled and lasting customer journeys.

Casting our sights on rural India's vast expanse and the bustling universe of MSMEs, we are strategizing to deepen our roots. The plans to enhance our underwriting in rural territories, MSME domains, and agri-lending are crafted to resonate with value, serving both the bank and our extensive network of stakeholders.

Finally, addressing risk - a fundamental aspect of banking - our intent is to manage it with both caution and visionary thinking. The future will witness our decision-making fortified by data-centric strategies, ensuring a well-calibrated

and visionary path for Karnataka Bank's next chapter.

### Our Promise to Stakeholders

In the grand canvas of our vision lies a simple yet profound promise to our investors. Our endeavours will aim at enhancing the Return on Assets (ROA), and in propelling the Bank to more accelerated growth trajectories. What this paints for our investors is a future with fair valuations and a more consistent stream of dividend pay-outs over the long horizon. At the heart of our strategy is the intent to optimize returns, ensuring that your belief in us reaps tangible and consistent rewards.

Beyond these return goals lies our deeper commitment: to transform into a beacon of sustainability and social responsibility in the banking realm. With innovation as our compass and collaboration as our guide, we aspire to craft a legacy of value for all - our cherished customers, esteemed shareholders, dedicated employees, and the communities that have given us so much.

This journey, underwritten with the possibilities of digital transformation and sustainable growth, beckons us all. Together, let's stride forward into this future, creating, innovating, and flourishing.

Warm Regards,

Srikrishnan H.  
MD & CEO

## The Executive Director's Message

### Dear Esteemed Stakeholders,

I am delighted to inform you that FY23 has been a year of monumental achievements, especially in core KPIs such as Loan Advances, an enhanced Net Interest Margin (NIM), and a consistent CASA base. These milestones, bolstered by top-tier productivity metrics, serve as a testament to our forward-looking vision. This is further evidenced by our ROA's impressive leap from 0.56% in FY22 to 1.21% in FY23.

Our commitment to integrating digital innovations into our operations acts as a driving force behind our growth trajectory. Alongside this, our 'Retailisation' strategy with greater focus on Retail, Rural and MSMEs, is reshaping our portfolio. We are strategically zooming in on pivotal retail sectors, with a keen focus on Home Loans and Loans Against Gold, ensuring we bolster our risk profile and margins.

### FY2023 Performance

#### Financial Health and Profitability:

Over the last fiscal year, our Bank demonstrated strong financial prowess. The net profit dramatically ascended from ₹508.62 crore to record breaking ₹1,180.24 crore, reflecting the Bank's operational proficiency. Accompanying this growth, our operating profit amplified from ₹1,634.00 crore to ₹2,208.23 crore, reflecting a rise of 35.15%, accentuating our Bank's capability in optimising its core business processes. This robust enhancement in profitability was complemented by the net interest income, which escalated from ₹2,491.03 crore to ₹3,185.10 crore.

#### Assets and Liabilities Management:

From a balance sheet perspective, our deposits grew by 8.68%, moving from ₹80,386.85 crore to ₹87,368.01 crore, an indicator of growing

customer trust and our effective deposit accumulation strategies. Parallely, credit advances grew from ₹56,783.14 crore to ₹59,951.62 crore, marking a 5.59% increase, demonstrating our capability to harness lending opportunities. Notably, while the Credit-Deposit Ratio saw a slight reduction from 70.64% to 68.62%, this trend underscores our dedication to balanced financial stewardship.

**Operational Efficiency:** Our bank's financial acumen is further accentuated by the Net Interest Margin (NIM), which progressed from 3.18% to 3.70%. This positive trajectory underscores our enhanced capability to profit from our lending activities. The CASA Ratio, which consistently stood at 32.97%, showcases our stable current and savings account base, essential for leveraging low-cost funds.



“

*Every strategic move and operational enhancement we made this year was geared toward precision and efficiency. The results are evident: with improved financial metrics across the board, we notably doubled our Return on Assets (ROA). Our actions not only reflect financial excellence but also a laser focus on driving sharper returns.*

**Sekhar Rao**  
Executive Director

**Asset Quality:** A testament to our commitment towards preserving stellar asset quality is evident in the improvement in both Gross NPA (GNPA) and Net NPA (NNPA) percentages. The GNPA saw a reduction from 3.90% to 3.74%, and the NNPA observed an even more substantial decline from 2.42% to 1.70%. This positive movement signifies our unwavering focus on credit risk management and robust lending and recovery mechanisms.

**Shareholder Value and Returns:** For our shareholders, the fiscal year brought encouraging returns. The Earnings Per Share (EPS) saw a significant jump, from an annualized value of ₹16.36 to ₹37.88, illustrating our improved profitability on a per-share basis. The Book Value per Share also saw a positive shift, moving from ₹228.01 to ₹262.96. Furthermore, our Return on Assets (ROA) more than doubled from 0.56% to 1.21%, and the Return on Equity (ROE) exhibited a similar upward trend, leaping from 7.41% to 15.42%.

### Dividend Announcement

It brings us great pleasure to share that our Board of Directors has recommended a dividend of Rs. 5.00 per equity share, each with a face value of Rs. 10, for the financial year 2022-23. This recommendation is subject to the endorsement of our shareholders at the forthcoming 99<sup>th</sup> Annual General Meeting (AGM). We remain deeply committed to ensuring value returns for our shareholders and thank you for your unwavering trust in our institution.

### Retailisation Takes Root

As part of our strategic pivot towards Retail, Rural & MSME, we have initiated a broad "Retailisation" strategy, focused on systematically expanding our Retail assets portfolio. This shift aims to recalibrate the composition of our Gross Advances, with a discerning

reduction in the proportion of Large Corporate Loans. With an intentional focus on pivotal sectors like Home Loans and Loans Against Gold, our objective is to cultivate a stronger risk profile and secure healthier margins, aligning seamlessly with our long-term growth aspirations.

Evidence of our retail-driven approach's efficacy is palpable. By the close of Q4FY23, Retail Advances had burgeoned to 50.34%, up from 48.08% in Q3FY23. In contrast, Large Corporate advances contracted to 20.18% from 22.91% over the same timeframe. This progressive shift towards prioritizing retail lending underscores our commitment to refining our portfolio mix. The goal is clear: enhancing our Return On Assets (ROA) and Return On Equity (ROE) and consistently delivering enduring value to our stakeholders.

### Awards and Recent Initiatives

It is with immense pride that we share some significant recognitions and advancements that our Bank has recently achieved. The Chamber of Indian Micro Small and Medium Enterprises (CIMSME) honoured us with three distinguished awards: we were named the 'Winner' for our CSR Initiatives & Business Responsibility efforts, and 'Runner Up' for both Best MSME Bank and MSME Friendly Bank categories. Additionally, the Union Ministry of Electronics and Information Technology recognized our digital prowess by bestowing upon Karnataka Bank the 'Prathista Puraskar' under the 'Digidhan Awards 2021-22'. This award celebrates our exemplary performance in achieving the highest percentage target for BHIM-UPI transactions among private sector banks. As part of our ongoing digital transformation journey, 'KBL VIKAS 2.0', we have embarked on an accelerated digital drive, aptly titled 'KBL-Nxt'. This initiative further underpins our commitment to embrace technological

advancements, thereby ensuring a seamless and enhanced banking experience for all our customers.

### Digital Innovations for Enhanced Customer Experience

As part of our unwavering commitment to constantly enhance the customer experience and provide them with intuitive solutions, we have integrated a series of new digital initiatives.

Firstly, we introduced the KBL WhatsApp Banking Service. Aimed at offering immediate and instructive communication, this new Alternate Delivery Channel provides a range of banking services right at the customer's fingertips. Adding to our suite of digital offerings, we're also pleased to announce the implementation of the UPI Mapper in our BHIM KBL UPI application. These innovations are the most recent examples of infusing modern digital solutions into our banking operations, ensuring that our customers always have the best tools at their disposal. This will further accelerate going forward.

On reflection, the tangible growth across various verticals, combined with the strategic shift towards a retail-centric approach and the seamless integration of digital innovations, signifies not just our adaptability but our vision for the future. With your continued support and trust, we are poised to scale new heights, facing challenges head-on and transforming them into opportunities.

Thank you for being a pivotal part of our journey. We remain ever-committed to ensuring that our collective future is one of sustained growth, innovation and prosperity.

Warm regards,

**Sekhar Rao**  
Executive Director





**Karnataka Bank**  
Your Family Bank. Across India.



Regd. & Head Office  
Post Box. No.599, Mahaveera Circle Kankanady Mangaluru – 575 002  
Phone : 0824-2228222  
E-Mail : investor.grievance@ktnbank.com  
Website : www.karnatakabank.com  
CIN : L85110KA1924PLC001128

## NOTICE TO THE MEMBERS

Notice is hereby given that the Ninety-Ninth Annual General Meeting of **THE KARNATAKA BANK LIMITED** will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") as under:

**Date** : **August 29 2023**  
**Day** : **Tuesday**  
**Time** : **11.30 AM IST**

to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt:
  - i. the Audited Standalone Financial Statements for the financial year ended March 31, 2023 together with the reports of the Auditors and the Directors thereon.
  - ii. the Audited Consolidated Financial Statements for the financial year ended March 31, 2023 and the Report of the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. B R Ashok (DIN: 00415934), who retires by rotation and being eligible, offers himself for re-appointment.
4. Appointment of Statutory Auditors (SAs).

To consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Sections 139 to 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable, the provisions of the Banking Regulation Act, 1949 and Reserve Bank of India (RBI) guidelines and as per approval of the RBI, (1) M/s. Sundaram & Srinivasan, Chartered Accountants (Firm Registration No. 004207S), New No.4, Old No. 23, C. P. Ramaswamy Road, Alwarpet, Chennai-600018, (2) M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No./LLP No. 104607W/W100166), Esplanade House, 29, Hazarimal Somani Marg, Fort, Mumbai-400001 and (3) M/s. Ravi Rajan & Co LLP, Chartered Accountants, New Delhi (Firm Registration No./LLP No. 009073N/ N500320), be appointed as Joint Statutory Auditors of the Bank, to hold office from the conclusion of this Meeting till the conclusion of the One Hundredth Annual General Meeting of the Bank at an overall remuneration of ₹ 4.20 Crores (Rupees Four Crore Twenty Lakhs Only), to be paid and allocated to/between the Joint Statutory Auditors as may be mutually agreed between the Bank and the Joint Statutory Auditors, depending upon their respective scope of work and Certification fee of ₹30,000 (Rupees Thirty Thousand Only) per certificate issued and reimbursement of actual out-of-pocket expenses, goods and services tax and such other tax(es) as may be applicable.

**RESOLVED FURTHER** that the Board (including any Committee thereof and any other person duly authorised by the Board) be and is hereby severally authorised to do all such acts, matters, deeds and things and give such directions as may be deemed necessary or expedient in connection with or incidental to give effect to the above resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard and to alter and vary the terms and conditions of the appointment, remuneration etc. including by reason of necessity on account of conditions as may be stipulated by RBI and/or any other authority, in such manner and to such extent as may be mutually agreed to with the auditors.

## SPECIAL BUSINESS

### 5. Amendments to the Articles of Association of the Bank:

To consider the passing of the following resolution, as a SPECIAL RESOLUTION:

**"RESOLVED** to amend the Articles of Association of the Bank to the following effect:

#### 1. To insert a new clause (v) under the Article 51:

- (v) The Bank shall, subject to prevailing laws and in accordance with the terms of trust deed/s entered with the Debenture Trustees for the issue of Debentures/ Bonds, appoint a person nominated by the Debenture Trustees as a Nominee Director on the Board of the Bank (to be referred as "Debenture Director") within the timelines permitted by applicable law."

#### 2. To insert a new clause (d) under Article 61:

- (d) A Non-Executive Director or an Independent Director, other than the Chairman, may be paid compensation in the form of a fixed remuneration, subject to such limits as may be applicable under the law/relevant guidelines issued by RBI and such amount as may be decided by the Board from time to time.

RESOLVED FURTHER THAT the Board/Managing Director & CEO or any other Directors/Company Secretary/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution."

### 6. Modification in the terms of appointment of Mr. Sekhar Rao (DIN: 06830595), Executive Director:

To consider the passing of the following resolution, as an ORDINARY RESOLUTION:

**RESOLVED THAT** in partial modification to the Resolution dated 30.03.2023 approving the appointment of Mr. Sekhar Rao (DIN: 06830595) as the Executive Director of the Bank and as per the provisions of Sections 152, 196 and all other applicable provisions, of the Companies Act, 2013 (the "Act") read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 35B and other relevant provisions, of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India ( "RBI"), from time to time, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and any other applicable laws (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto, for the time being in force), the provisions of the Articles of Association ("Articles") of the Karnataka Bank Limited (the "Bank"), as amended, the office of Mr. Sekhar Rao, Executive Director, shall be liable to retire by rotation in terms of the relevant provisions of the Companies Act, 2013 and the Articles of the Bank, and if eligible, can offer himself for reappointment, within the overall term of three years w.e.f. 01.02.2023 or any extension thereof as may be permitted by the Reserve Bank of India from time to time.

**RESOLVED FURTHER THAT** the Board/Managing Director & CEO/Company Secretary/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution."

### 7. Appointment of Mr. Srikrishnan Hari Hara Sarma (DIN: 00318563) as the Managing Director and CEO:

To consider the passing of the following resolution, as an ORDINARY RESOLUTION:

**RESOLVED THAT** pursuant to the provisions of Sections 152, 196 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 35B and other relevant provisions, if any, of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by the Reserve Bank of India ( "RBI"), from time to time, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and any other applicable laws (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto, for the time being in force), the provisions of the Articles of Association ("Articles") of the Karnataka Bank Limited (the "Bank"), as amended, and pursuant to the recommendation made by the Nomination and Remuneration Committee (the "Committee") and approval of Board of Directors of the Bank (the "Board"), and in terms of the approval granted by RBI under Section 35B of the Banking Regulation Act, 1949, Mr. Srikrishnan Hari Hara Sarma (Mr. Srikrishnan H) (DIN: 00318563) who was appointed as an Additional Director by the Board of Directors of the Bank in terms of Section 161(1) of the Act and Articles of Association of the Bank to take up the role of the Managing Director and CEO of the Bank for a period of three (3) years from June 9, 2023,



and who has submitted a written notice pursuant to Section 160 of the Companies Act, 2013 of his candidature for the office of Managing Director, be and is hereby appointed as as the Managing Director and CEO of the Bank for a period of three (3) years w.e.f. June 9, 2023 and upto June 8, 2026 (both dates inclusive) in accordance with the approval of RBI and that Mr. Srikrishnan H shall retire by rotation, in terms of the relevant provisions of the Act and the Articles of the Bank and if eligible, can offer himself for reappointment.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 196, 197 and other applicable provisions, if any, of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 35B and other relevant provisions, if any, of the Banking Regulation Act, 1949, and the rules, guidelines and circulars issued by RBI, from time to time and any other applicable laws (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereto, for the time being in force), the provisions of the Articles of the Bank and pursuant to the recommendation made by the Committee and approval of the Board and as per approval of the RBI, the approval of the members of the Bank be and is hereby accorded for payment of remuneration to Mr. Srikrishnan H as the Managing Director and CEO of the Bank to be paid by way of fixed pay, allowances, perquisites and variable pay with effect from June 9, 2023, as more particularly mentioned herein below subject to such modifications/ changes, if any, as RBI may direct from time to time:

	<b>Particulars</b>	<b>Amount ₹ (per annum)</b>
	<b>FIXED PAY</b>	
1.	Salary (Basic)	1,28,94,000
2.	Dearness Allowance	25,78,800
3.	Retiral/Superannuation Benefits:	
	i. Provident Fund (12% of basic salary)	15,47,280
	ii. Gratuity (Gratuity is calculated for every completed year of service or part thereof in excess of six months at the rate of 15 days basic based on the last drawn basic, without the restriction of minimum service required).	6,20,200
	iii. Pension	Nil
4.	Leave Fare Concession	Highest class by whichever mode of travel within the country once a year for self and family including dependent children.
5.	Other fixed allowances:	
	i. Entertainment allowance (including club memberships if any on declaration basis)	2,50,000
	ii. Medical Benefits (for self and family on declaration basis)	75,000
6.	Perquisites:	
i)	Free Furnished House and its maintenance / House Rental Allowance  (Free furnished residential accommodation. Proper upkeep and security arrangement to the residential accommodation to be provided by the Bank. Till the Bank arranges to provide the residential accommodation to the Managing Director, House Rent Allowance @ 15% of Basic Pay be given)	19,34,100
ii)	Conveyance allowance (Free use of Bank's Car for official purpose (journeys from residence to office and vice versa to be treated as duty runs). For personal use ₹250/- per month to be recovered.	39,600
iii)	Reimbursement of medical expenses	Reimbursement of actual expenses incurred including hospitalization in full for self and spouse and to the extent of 50% for his dependent children.
iv)	Any Other Perquisites:	
	a. Insurance Cover  (Personal accident insurance cover upto ₹20,00,000.)	2,000

Particulars	Amount ₹ (per annum)
<b>FIXED PAY</b>	
b. Telephone facility (Telephone facility at MD's residence at Bank's Cost and including cell phone and internet/data charges)	60,000
c. Bonus & Sitting Fee	Nil
d. Travelling and Halting Allowance	As may be decided by the Board from time to time.
<b>v) Leave</b>	
a. Casual Leave	As applicable to the Officers of the Bank
b. Privilege Leave	As applicable to the Officers of the Bank encashable at the time of demission of office up to the limit as applicable to the Officers of the Bank.
c. Sick Leave	As applicable to the Officers of the Bank.
<b>Total Fixed Pay</b>	<b>₹ 2,00,00,980</b>
<b>Target Variable Pay</b> (i.e., up to 125 % of fixed pay divided into equal components of cash (upfront 40% and deferred 60%) and share linked benefits (100% deferred) with a vesting schedule of 30% : 30% : 40% over a period of three years and subject to other terms and conditions as per Bank's Compensation Policy.)	<b>Up to ₹ 2,50,00,000</b>
<b>Total Compensation (Fixed + Target Variable Pay) (upto. ₹ 4,50,00,980) (rounded off)</b>	<b>Up to ₹ 450 Lakhs</b>

**RESOLVED FURTHER THAT** the approval of the members of the Bank be and is hereby accorded to the Board or any Committee of the Board, to decide on the quantum of variable pay on an annual basis to be paid to Mr. Srikrishnan H (DIN: 00318563), as the Managing Director & CEO of the Bank, which shall be, based on his performance linked to quantitative and qualitative metrics, up to 125% of the fixed pay of the respective financial year, in accordance with Reserve Bank of India Guidelines on "Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff" dated November 4, 2019 and Bank's Policy framed pursuant to the RBI Guidelines and subject to the prior approval of RBI in terms of Section 35B of the Banking Regulation Act, 1949 for each concerned financial year.

**RESOLVED FURTHER THAT** the Board is hereby authorized to approve/modify/change the fixed pay, allowances, perquisites and variable pay in such manner/form within the overall remuneration subject to the approval of Reserve Bank of India, without having to seek any further consent or approval of the Members of the Bank.

**RESOLVED FURTHER THAT** the Board/Executive Director/Company Secretary/any Officer of the Bank duly authorized by the Board be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to the aforesaid resolution."

## 8. Borrowing Powers:

To consider the passing of the following resolution, as a SPECIAL RESOLUTION.

**RESOLVED THAT** pursuant to Section 180(1) and other applicable provisions, if any, of the Companies Act, 2013 and applicable Rules made thereunder, any other applicable provisions of law from time to time, and the provisions of the Memorandum and Articles of Association of the Bank and subject to such other approvals as may be necessary from any authorities or regulators, including Reserve Bank of India ("RBI"), the consent of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as "Board", which term shall be deemed to include any Committee of the Board or any other persons to whom powers are delegated by the Board as permitted under the Companies Act, 2013 or Rules thereunder) to borrow/raise funds by issue of BASEL III Compliant debt instruments, including but not limited to Bonds under Tier 2 or AT-1 Bonds, in one or more tranches, in Indian/foreign currencies in domestic and/or overseas markets, not exceeding in aggregate ₹ 1,500 crore (Rupees One thousand Five Hundred Crore Only), to be reckoned with in the borrowing powers of ₹6000 crore approved by the members at the 97th Annual General Meeting held on September 02, 2021, over and above the aggregate of the paid-up capital of the Bank and free reserves and the securities premium at any time, on such terms and conditions as may be determined, from time to time, by the Board.